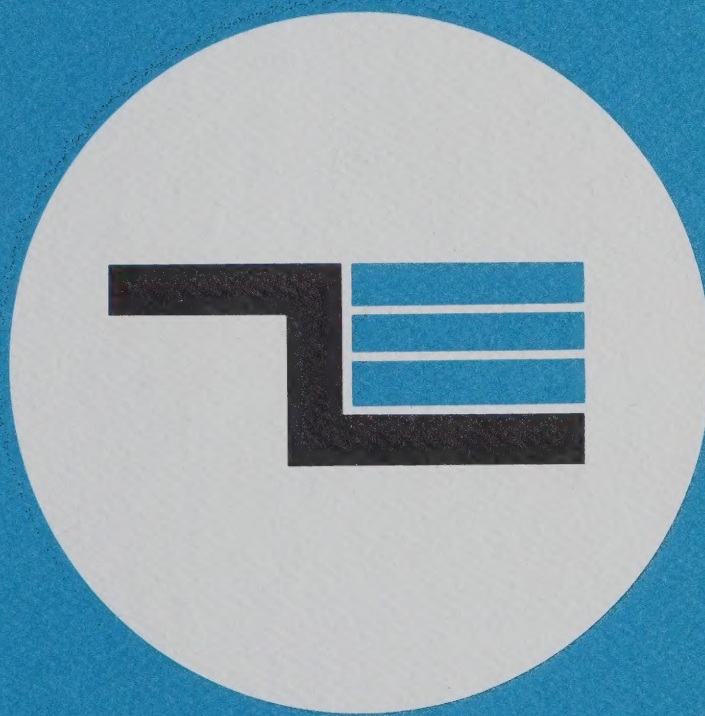


AR02

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# ZENITH ELECTRIC SUPPLY LIMITED



**1972** ANNUAL  
REPORT



**HEAD OFFICE**

185 Bridgeland Avenue, Toronto 19, Ontario

**DIRECTORS**

William J. Bushnell

George R. Gardiner

Hugh B. Hall

Maurice S. Hartley

Lou Hollander

Walter Jamieson

Donald G. Wilkes

**OFFICERS**

George R. Gardiner

Chairman of the Board

Walter Jamieson

President and Chief Executive Officer

Donald G. Wilkes

Vice-President, Finance and Secretary-Treasurer

**TRANSFER AGENT**

Canada Permanent Trust Company, Toronto, Ontario

**AUDITORS**

Campbell, Lawless & Punchard, Toronto, Ontario

**LEGAL COUNSEL**

McCarthy and McCarthy, Toronto, Ontario

**BANKERS**

The Royal Bank of Canada

**SHARES OUTSTANDING**

There are 1,267,254 outstanding shares listed for trading on the Toronto Stock Exchange, ticker abbreviation ZES. Authorized capital—1,750,000 shares without par value.

**SUBSIDIARIES**

MASCO ELECTRIC COMPANY LIMITED

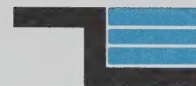
ZENITH ELECTRIC SUPPLY (ONTARIO) LIMITED

ETR SUPPLY CO. LTD.

ZENTRONICS LTD.

ZENTRONICS (EASTERN) LTD.

ZENTRONICS/MASCO LIMITEE



## ZENITH ELECTRIC SUPPLY LIMITED

March 20, 1973

Dear Shareholders:

Our financial statements for the fiscal year ended December 31, 1972 can be highlighted as follows:

	<u>Year Ended December 31</u>	
	<u>1972</u>	<u>1971</u>
Sales.....	\$20,878,193	\$21,721,411
Net earnings after full tax.....	348,306	328,079
Net earnings per share after full tax.....	28¢	26¢

While sales were down slightly due to the closing of marginal branches, we were able to increase our net earnings by concentrating on the operation of our main warehouse and branch on Bridgeland Avenue in Toronto and our eleven branches outside Toronto.

A new company-owned branch building containing 14,400 square feet of space has been completed in Barrie and will provide greatly improved service to the Barrie, Georgian Bay and Muskoka areas.

During the year we have strengthened our sales organization with emphasis on servicing industrial and electrical contractor accounts. This is showing satisfactory results.

Your Company sells both electrical and electronic products from most of its branches and while many accounts buy from only one division, there are an increasing number of accounts who require both types of products which we are in a position to supply.

We are confident that 1973 will show further growth in our net earnings and will be a satisfactory year.

The Annual Meeting of Shareholders will be held on Monday, April 16, 1973 at 10:00 A.M. (Toronto Time) at the offices of the Company at 185 Bridgeland Avenue, Toronto. We invite you to attend.

On behalf of the Board of Directors.

WALTER JAMIESON  
President





# ZENITH ELECTRIC

(Incorporated under the laws of the Province of Ontario)

## CONSOLIDATED BALANCE SHEET

December 31, 1972

(with comparative figures for 1971)

	ASSETS	1972	1971
<b>CURRENT</b>			
Cash.....		5,450	5,700
Accounts receivable (after allowance for doubtful accounts).....		3,440,498	3,442,813
Inventories of merchandise valued at the lower of cost and net realizable value.....		3,140,677	2,976,456
Prepaid expenses and deposits.....		46,514	39,742
Total current assets .....		6,633,139	6,464,711
<b>FIXED, at cost</b>			
Land and buildings.....	320,358		120,329
Equipment, furniture and fixtures.....	588,232		673,416
Automobiles and trucks .....	88,451		46,771
	997,041		840,516
Less accumulated depreciation .....	583,190		627,804
	413,851		212,712
Alterations to leased premises less amortization .....	113,223		112,873
		527,074	325,585
		<u>\$7,160,213</u>	<u>\$6,790,296</u>
Approved on behalf of the Board			
George R. Gardiner, Director			
Walter Jamieson, Director			

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Zenith Electric Supply Limited as at December 31, 1972 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario  
February 15, 1973

Campbell, Lawless & Punchard  
Chartered Accountants



# SUPPLY LIMITED

(In accordance with the laws of Ontario)

## BALANCE SHEET

December 31, 1972

(Figures for 1971)

	LIABILITIES	
	1972	1971
<b>CURRENT</b>		
Bank advances (secured) .....	816,651	325,623
Accounts payable and accrued charges .....	1,929,625	1,969,997
6½ % Serial Debentures—instalment due March 15, 1972 .....	—	100,000
Income taxes payable .....	139,890	126,144
Total current liabilities .....	<u>2,886,166</u>	<u>2,521,764</u>
 <b>LONG-TERM DEBT</b>		
6½ % Serial Debentures due March 15, 1973, secured by a floating charge on the assets of the companies (note 4) .....	—	100,000
 <b>SHAREHOLDERS' EQUITY</b>		
CAPITAL STOCK (note 1)		
Issued and outstanding		
1,267,254 shares (1971—1,259,254) .....	1,348,002	1,337,842
RETAINED EARNINGS (note 3) .....	<u>2,926,045</u>	<u>2,830,690</u>
	<u>4,274,047</u>	<u>4,168,532</u>
	<u><u>\$7,160,213</u></u>	<u><u>\$6,790,296</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- At December 31, 1972 the company had in force a share option plan for certain officers of the Company. Under the plan 8,000 shares at \$1.27 a share were issued during 1972. Options to purchase a total of 18,000 shares at the rate of 6,000 shares at \$1.27 a share in each of the three years ending April 7, 1974, 1975 and 1976 were outstanding at December 31, 1972. The options are cumulative to April 7, 1976 at which time they expire.
- The aggregate remuneration paid by the companies to the senior officers as defined in the Business Corporations Act, 1970, for the year 1972 was \$167,283 including \$3,679 for pension costs and, in addition, \$4,200 was paid to directors as such.
- Included in retained earnings is an amount of \$105,570 consisting of capital surplus arising on the purchase for cancellation in 1971 of the preferred shares of certain subsidiaries. This capital surplus may not be reduced or distributed except as provided in the relative Corporations Acts.
- All outstanding debentures were redeemed on March 15, 1972.





# ZENITH ELECTRIC SUPPLY LIMITED

## CONSOLIDATED STATEMENT OF EARNINGS

year to December 31, 1972

	1972	1971
<b>SALES</b>	<b>20,878,193</b>	<b>21,721,411</b>
Earnings from operations before the following deduction .....	746,756	683,955
Depreciation and amortization .....	85,450	65,307
Earnings before income taxes .....	661,306	618,648
Income taxes .....	313,000	290,569
Net earnings .....	348,306	328,079
Income tax reductions resulting from application of losses of prior years in certain companies .....	—	102,898
Net earnings for the year .....	<u>\$ 348,306</u>	<u>\$ 430,977</u>
<b>PER SHARE</b>		
Net earnings .....	\$ .28	\$ .26
Net earnings after income tax reduction resulting from application of losses of prior years in certain companies .....	\$ .28	\$ .34

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

year to December 31, 1972

	1972	1971
Retained earnings at beginning of year .....	2,830,690	2,651,464
Add net earnings for the year .....	348,306	430,977
	3,178,996	3,082,441
Deduct dividends paid .....	252,951	251,751
Retained earnings at end of year .....	<u>\$2,926,045</u>	<u>\$ 2,830,690</u>

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

year to December 31, 1972

	1972	1971
<b>SOURCE OF FUNDS</b>		
Net earnings for the year .....	348,306	430,977
Add—Provision for depreciation and amortization .....	85,450	65,307
—Sale of capital stock .....	10,160	10,160
	443,916	506,444
<b>APPLICATION OF FUNDS</b>		
Payment of dividends .....	252,951	251,751
Purchase of fixed assets and alterations to leased premises .....	286,939	50,244
Repayment on serial debentures .....	100,000	100,000
	639,890	401,995
Increase (decrease) in working capital .....	(195,974)	104,449
Working capital beginning of year .....	3,942,947	3,838,498
Working capital end of year .....	<u>\$3,746,973</u>	<u>\$3,942,947</u>

## COMPARATIVE CONSOLIDATED FINANCIAL RESULTS

Five years as at December 31

	1972	1971	1970	1969	1968
Sales revenue (000's).....	20,878	21,721	21,058	22,985	22,153
Warehouse locations.....	12	15	18	19	21
Operating profit before taxes on income (000's)*....	661	619	430	304	284
Earnings per share (fully taxed).....	28¢	26¢	17¢	11¢	5¢
Annual dividend—paid (000's).....	253	252	—	—	—
—per share.....	20¢	20¢	—	—	—
Shares outstanding.....	1,267,254	1,259,254	1,251,254	1,245,254	1,233,254
Equity per share.....	\$3.37	\$3.31	\$3.18	\$3.01	\$2.82
Serial debentures (000's).....	—	200	300	400	500

\*Operating profit (loss) is indicated on a before tax basis to eliminate the effect of application of prior years' losses to certain years in the comparison.

### Warehouse Locations

Barrie • Belleville • Brantford • Hamilton • Kingston • North Bay  
Oshawa • Sault Ste. Marie • St. Catharines • Sudbury • Timmins  
Toronto

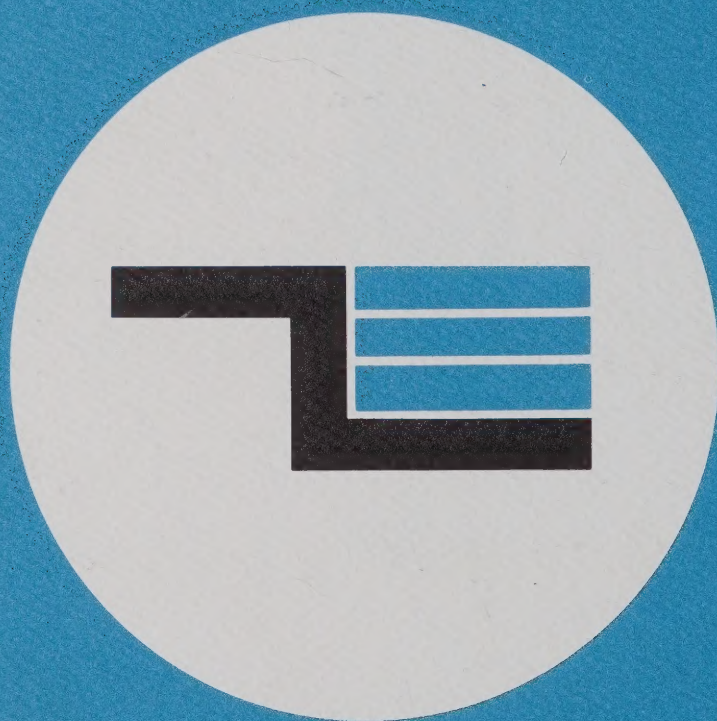
### Electrical Products

Wiring devices, wire and cable, conduit, small appliances, industrial and commercial lighting, residential lighting, motor controls, electric heating equipment, pole line hardware, alarm system and solenoid valves.

### Electronic Products

Transistors, semi-conductors, electronic tubes, relays, micro switches, capacitors, resistors, transformers, timers, meters, voltage regulators and test instruments.







# AR02 ZENITH ELECTRIC SUPPLY LIMITED

## CONSOLIDATED BALANCE SHEET (000's) (unaudited)

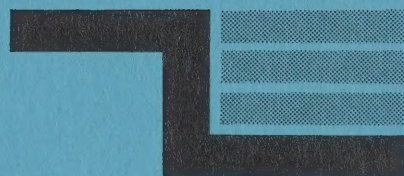
### ASSETS

	<u>June 30, 1972</u>	<u>June 30, 1971</u>
<b>Current</b>		
Accounts receivable	2,711	3,072
Inventories	3,004	3,598
Other	56	77
	<u>5,771</u>	<u>6,747</u>
<b>Fixed, at cost less de- preciation and amortization</b>	524	317
<b>Other</b>	28	—
	<u>\$6,323</u>	<u>\$7,064</u>

### LIABILITIES & SHAREHOLDERS' EQUITY

<b>Current</b>		
Bank advances (secured)	565	1,039
Accounts payable and other	1,647	1,923
	<u>2,212</u>	<u>2,962</u>
<b>Long Term Debt</b>	—	100
<b>Shareholders Equity</b>		
Shares issued and outstanding (1,265,254)	1,345	1,335
Retained earnings	2,766	2,667
	<u>\$6,323</u>	<u>\$7,064</u>

# ZENITH ELECTRIC SUPPLY LIMITED



## Semi-Annual Report to Shareholders

SIX MONTHS TO JUNE 30, 1972



July 25, 1972

Dear Shareholder:

During the past 6 months your management has been concentrating on the consolidation of branches, with the objective of maintaining our over-all sales volume but increasing the profitability of our remaining outlets.

As indicated below in our unaudited 6 months report ended June 30, 1972, we have accomplished this objective insofar as sales have remained constant while profits before taxes for the 6 months period have increased from \$41,996 in 1971 to \$122,649 this year.

The balance sheet reflects the final retirement of our outstanding serial debenture debt and our indebtedness to the bank has also been reduced during the past 6 months.

Your Board of Directors has declared the third quarterly dividend for 1972 of 5¢ per share and this dividend will be paid to shareholders on Sept. 15, 1972.

On behalf of the Board of Directors

Walter Jamieson  
PRESIDENT

## ZENITH ELECTRIC SUPPLY LIMITED

### CONSOLIDATED STATEMENT OF EARNINGS

(unaudited)

	Six months ended		12 months ended
	June 30, 1972	June 30, 1971	Dec. 31, 1971
Sales revenue	<u>\$9,689,442</u>	<u>\$9,688,555</u>	<u>\$21,721,411</u>
Earnings before taxes	122,649	41,996	618,648
Taxes on income	<u>62,000</u>	<u>26,000</u>	<u>187,671</u>
Net earnings	<u>\$ 60,649</u>	<u>\$15,996</u>	<u>\$ 430,977</u>